

## Function 600: Income Security

Function 600 consists of a range of income security programs that provide cash or near-cash assistance (e.g., housing, food, and energy assistance) to low-income persons, and benefits to certain retirees, persons with disabilities, and the unemployed. Major federal entitlement programs in this function include Supplemental Security Income (SSI), food stamps, Temporary Assistance to Needy Families (TANF), and child care. Section 8 housing and other housing assistance programs account for the largest share of discretionary spending in this function. Other key discretionary programs include the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Low Income Home Energy Assistance Program (LIHEAP), and the Child Care and Development Block Grant.

For 2001, the conference agreement on the Republican budget resolution provides \$35.3 billion for appropriated programs in Function 600. This amount is \$600 million above a freeze level but \$1.9 billion below the amount needed to maintain current purchasing power.<sup>13</sup> Both the House and Senate resolutions assumed renewal of all expiring Section 8 housing contracts. However, the increases provided in Function 600 under both plans were insufficient to both fund all expiring contracts and maintain funding — even at a freeze — for other programs within the function.

Similarly, the conference agreement does not provide enough to fully fund all Section 8 contract renewals and fund other programs in Function 600. The conference agreement calls for cuts of \$1.4 billion (5.4 percent) below a hard freeze for 2001 if all expiring Section 8 contracts are renewed, and more severe reductions from current services. Programs like the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), the Low Income Home Energy Assistance Program (LIHEAP), and the Child Care and Development Block Grant (CCDBG) would have to be increased by \$1.9 billion (7.4 percent) for 2001 and by a total of \$12.9 billion over the five-year period (2001–2005) in order to maintain current purchasing power.

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### **What cuts will mean to vital programs in 2001:**

#### ***Child Care and Development Block Grant (CCDBG)***

22,000 low-income children of working parents lose their child care subsidy because of a \$90 million cut

#### ***Low-Income Home Energy Assistance Program (LIHEAP)***

\$80 million cut, leaving 296,000 low-income households without assistance

#### ***Special Supplemental Nutrition Program for Women, Infants and Children (WIC)***

\$300 million cut, eliminating 558,000 low-income women, infants, and children from the program

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<sup>13</sup> After adjusting for anomalies in funding for Section 8 Housing.

- ***Discretionary Comparisons with House and Senate Resolutions*** — For 2001, the conference agreement provides \$100 million more in appropriated funds for Function 600 than the House resolution but \$100 million less than the Senate resolution. Over the five-year period (2001–2005), the conference agreement provides \$1.7 billion more than the House but \$1.4 billion less than the Senate.
- ***Mandatory Changes*** — The conference agreement assumes \$5.3 billion in increased mandatory spending in Function 600 over five years, all of which is for the Earned Income Tax Credit. From 2002 through 2005, \$1.3 billion per year is attributed to the refundable portion of Earned Income Tax Credit marriage penalty relief. The Senate resolution contained an \$817 million increase for child care, which was not included in the final agreement.
- ***Democrats Did More For Vulnerable People*** — The Democratic alternative resolution provided \$15.8 billion in mandatory increases in Function 600 over five years, \$10.5 billion more than the conference agreement (see also *Low-Income Programs*). It made significant expansions to food stamps, benefits for certain legal immigrants, the Child and Dependent Care Tax credit, and the Earned Income Tax Credit.

The Democratic alternative raised the vehicle limit for food stamp eligibility, conformed the income definition with Medicaid, and indexed the shelter deduction. It also restored food stamps, Supplemental Security Income (SSI), and Medicaid to certain legal immigrants who lost eligibility under the 1996 welfare law. The Democratic alternative also expanded the Dependent Care Tax Credit by making the credit refundable, increasing the credit for families earning up to \$60,000, and extending a credit to parents who stay at home with an infant. In addition, the Democratic alternative expanded the Earned Income Tax Credit by \$9.9 billion over five years.

In total, the Democratic alternative expanded low-income benefits and refundable tax credits associated with this budget function by \$20.6 billion, although the changes to the refundable tax credits were portrayed as revenue changes. (See *Low-Income Programs* for further discussion.) These important and necessary changes for vulnerable groups were ignored by the Republicans.